ROI 101

Measuring Training Success

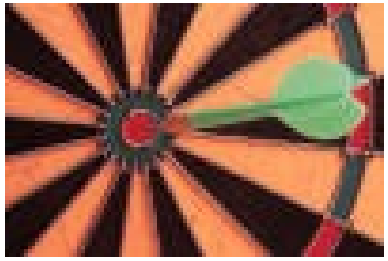
Presented by John Bentley

How do you know if training was successful?

Aim of the Session

Guide you through a subjective method for establishing the worth of improved performance quality.

This is an introductory session - you may find you are familiar with some of the material covered.



Agenda

- Assess training goal achievement
- Determine the cost of training
- Establish the worth of training
- Compare the benefits to the costs
- Assess results

Assess Training Goal Achievement

- Starting point for your evaluation
- Involves collecting data
- Review different types of data collection

Assess Training Goal Achievement

Interview Method

Advantages	Disadvantages
• Provides more subtle and in-depth information than other methods	• Requires complex interviewing skills
• Permits flexibility to probe ambiguous question and responses	• Involves the time of both the interviewer and the interviewee to complete
• Can verify other sources of information	• Involves considerable cost
	• Results frequently in hard-to-quantify information

Assess Training Goal Achievement

Survey Method

Advantages	Disadvantages
• Easy to administer	• Results in individual differences of interpretation
• Results processed quickly and at low cost	• Is inflexible because the participant must answer the questions asked
• Permits easy quantification and generalization of results	• Nonresponders may bias the end results
• Gives participants more time to think about answers	• Can result in information of questionable validity
• Assures anonymity of responses	

Assess Training Goal Achievement

Analyze Work Samples Method

Advantages	Disadvantages
• Provides direct data on the performers' actual work outputs • Is unobtrusive; analysis occurs without interrupting the work routine	• Can be costly and time consuming • Requires analyst to understand the work area well enough to judge the samples

Assess Training Goal Achievement

Review Existing Report Data Method

Advantages	Disadvantages
• Provides direct data on outputs and inputs • Is an extremely cost-effective means of collecting detailed information	• Existing data may not be measuring the same types of indicators included in the training goals • Validity and reliability of the data reporting systems may be insufficient

Determining the Cost of Training

- Growing demand for accountability
- Assured of the value of training
- Identify all expenses associated with training
- Now calculate the costs

Determining the Cost of Training

Training Attendance Costs

Attendance costs are the expenditures associated with:

- **Participant's time spent in training**
- **Travel and per diem costs**
- **Lost productivity or cost of replacing the individual while in training**

Determining the Cost of Training

Instructor Costs

Instructor costs are the expenditures associated with:

- **Instructor's time spent in training**
- **Travel and per diem costs**
- **Lost productivity or cost of replacing the individual while in training**

Determining the Cost of Training

Instructional Development Personnel Costs

Instructional development personnel costs are the personnel expenditures during the design and development of the training materials.

Determining the Cost of Training

Additional Instructional Development Costs

Additional instructional development personnel costs are the nonpersonnel resources used during the design and development of the training materials.

Determining the Cost of Training

Facility, Material, and Equipment Costs

Facility, material, and equipment costs include direct costs associated with the delivery of the training.

Establishing the Worth of Training

- Convert changes in performance to a $$$ value representing the benefits
- Next convert the change in benefits into a $$$ amount
- Establish a subjective value if objective can't be determined

Establishing the Worth of Training

Step 1.	Determine the employees salary plus benefits.
Calculate	None Required
Benefits	$ 50,000

Establishing the Worth of Training

Step 2.	Determine the percentage of job being trained.
Calculate	None Required
Benefits	20%

Establishing the Worth of Training

Step 3.	Multiply annual compensation by percentage of job being trained.
Calculate	Annual compensation (line 1) times % of job being trained (2)
Benefits	$ 10,000

Establishing the Worth of Training

Step 4.

On a 1 to 10 scale, rate performance quality level **BEFORE** training.

Calculate

1 = Low Quality

5 = Moderate Quality

10 = High Quality

Benefits

3

Establishing the Worth of Training

Step 5.	Multiply the **BEFORE** rating by 10 to determine the quality percentage.
Calculate	quality rating (line 4) times 10
Benefits	30%

Establishing the Worth of Training

Step 6.	Multiply the dollars spent on that portion of the job by the quality percentage.
Calculate	dollars spent on portion of job (line 3) times quality percentage (line 5)
Benefits	$ 3,000

Establishing the Worth of Training

Step 7.

On a 1 to 10 scale, rate performance quality level **AFTER** training.

Calculate

1 = Low Quality

5 = Moderate Quality

10 = High Quality

Benefits

8

Establishing the Worth of Training

Step 8.	Multiply the **AFTER** rating by 10 to determine the quality percentage.
Calculate	quality rating (line 4) times 10
Benefits	80%

Establishing the Worth of Training

Step 9.	Multiply the dollars spent on that portion of the job by the quality percentage.
Calculate	dollars spent on portion of job (line 3) times quality percentage (line 8)
Benefits	$ 8,000

Establishing the Worth of Training

Step 10.	Determine the difference between **BEFORE** and **AFTER** worth.
Calculate	value of **AFTER** (line 9) minus value of **BEFORE** (line 6)
Benefits	$ 5,000

Comparing Costs and Benefits

ROI

$ 500,000

Assessing Results

What contributions do you think training made to the organization's ability to reach its strategic and performance goals?

What dollar value would you place on training's contribution in helping your organization accomplish its goals?

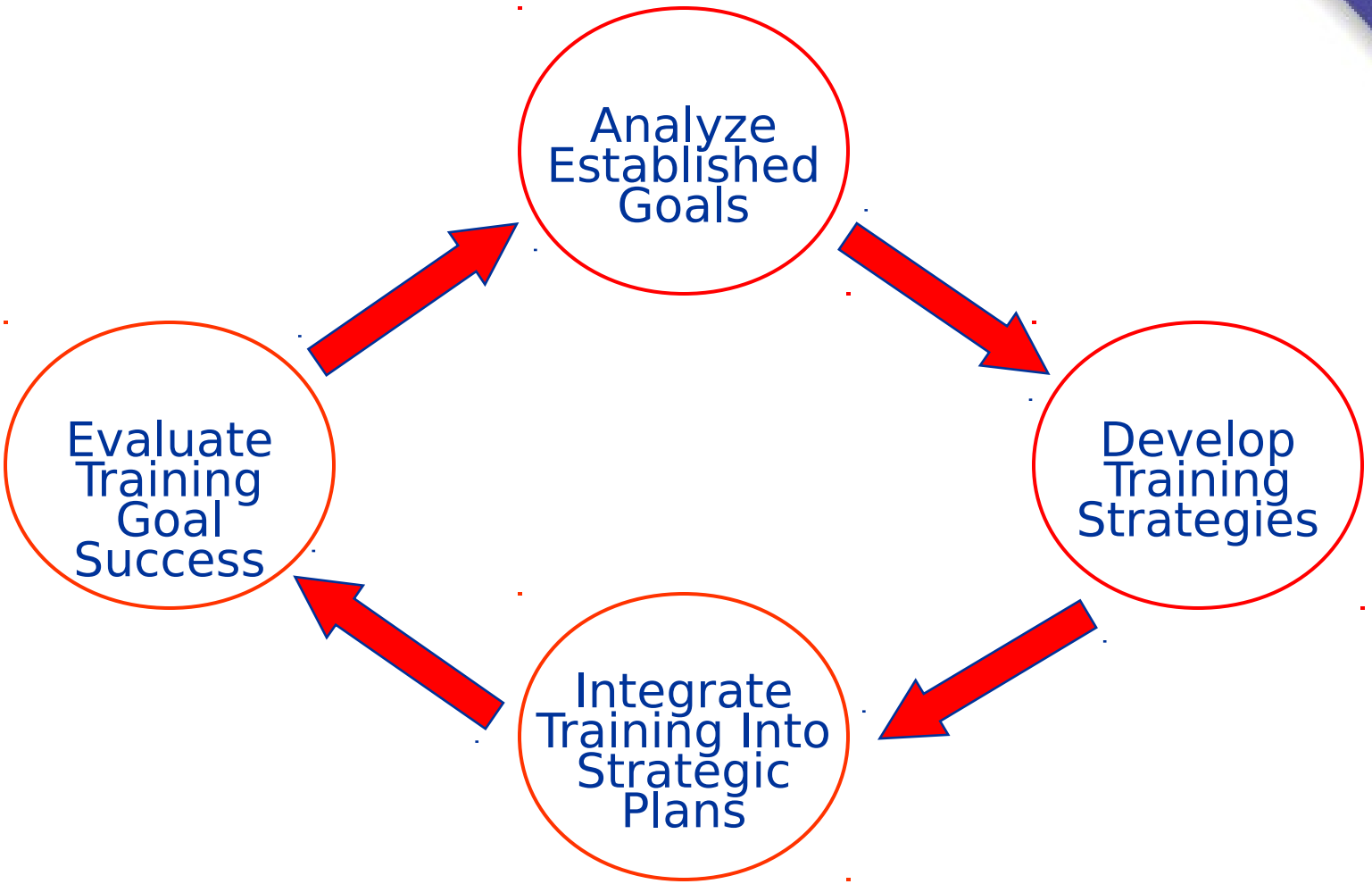
Assessing Results

Import compliance was increased to **95%** and **$ 2.5 million** in additional fees was collected.

Now you can realize the training contribution

on increased performance.

Coming Full Circle



Coming Full Circle

There will come a time when you think everything is finished. This will be the beginning.

Louis L'Amour

Thank You

Questions …

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